

Gov. Doc  
Can  
Com  
C

Canada. Canadian Trade Relations  
Standing Committee on, 1952/53

1952 - 53

# THE SENATE OF CANADA

CA1 YC15

-C17



Proceedings of the

STANDING COMMITTEE ON

## CANADIAN TRADE RELATIONS

in respect to the inquiry into what, in their opinion, might be  
the most practical steps to further implement Article 2  
of the North Atlantic Treaty.

No. 6

THURSDAY, APRIL 30, 1953

The Honourable A. N. McLEAN, Chairman

### WITNESSES:

The Canadian Chamber of Commerce:

- Mr. Edward C. Wood, Chairman, Executive Council.
- Mr. A. Maxwell Henderson, Chairman of Foreign Trade Committee.
- Mr. G. K. Blair, member of Foreign Trade Committee.
- Mr. Morgan Reid, member of Foreign Trade Committee.
- Mr. W. J. Sheridan, Executive Secretary.

The Trades and Labour Congress of Canada:

- Mr. P. R. Bengough, President.
- Mr. L. E. Wismer, Director of Public Relations and Research.

## CANADIAN TRADE RELATIONS

The Honourable A. N. McLEAN, *Chairman*

### The Honourable Senators:

|             |           |                   |
|-------------|-----------|-------------------|
| Baird       | Duffus    | McDonald          |
| Bishop      | Euler     | McKeen            |
| Blais       | Fraser    | McLean            |
| Buchanan    | Gouin     | Nicol             |
| Burchill    | *Haig     | Paterson          |
| Campbell    | Howard    | Petten            |
| Crerar      | Hushion   | Pirie             |
| Daigle      | Kinley    | *Robertson        |
| Davies      | Lambert   | Turgeon           |
| Dennis      | MacKinnon | Vaillancourt—(30) |
| Dessureault | MacLennan |                   |

35 Members—(Quorum 7)

\*Ex officio member.



## ORDER OF REFERENCE

Extract from the Minutes of Proceedings of the Senate, Thursday, February 26, 1953:

"That the Standing Committee on Canadian Trade Relations be empowered to enquire into and report on—

1. What, in their opinion, might be the most practical steps to further implement Article 2 of the North Atlantic Treaty whereby the signatories to that document agreed that—"They will seek to eliminate conflict in their international economic policies and will encourage economic collaboration between any or all of them".

2. That notwithstanding the generality of the foregoing, the Committee be instructed and empowered to consider and report upon how, in their opinion,

(a) any project for developing economic collaboration, specifically between the countries who are signatories to the North Atlantic Treaty, can be co-ordinated with the trade policies of other countries of the free world;

(b) any project for developing economic collaboration between the countries which are signatories of the North Atlantic Treaty, might have the same degree of permanence that is contemplated in the twenty year Military obligation under Article 5 of the Treaty whereby "The Parties agree that an armed attack against one or more of them in Europe or North America shall be considered an attack against them all".

3. That the Committee be empowered to extend an invitation to those wishing to be heard, including representatives of agriculture, industry, labour, trade, finance and consumers, to present their views, and that the Committee also be empowered to hear representations from business interests or individuals from any of the NATO countries who might wish to be heard.

4. That the Committee be empowered to send for persons, papers, and records, and to secure such services as may be necessary for the purpose of the enquiry.

L. C. MOYER,  
*Clerk of the Senate.*"





## MINUTES OF PROCEEDINGS

THURSDAY, April 30, 1953.

Pursuant to adjournment and notice the Standing Committee on Canadian Trade Relations met this day at 10.30 a.m.

*Present:* The Honourable Senators, McLean, Chairman; Bishop, Burchill, Campbell, Crear, Duffus, Euler, Gouin, Haig, Lambert, MacLennan, McDonald, Paterson, Pirie and Turgeon.—15.

Consideration of the order of reference of February 26, 1953, was resumed.

The following representatives from the Canadian Chamber of Commerce were heard:—

Mr. Edward C. Wood, Chairman, Executive Council.

Mr. A. Maxwell Henderson, Chairman of Foreign Trade Committee.

Mr. G. K. Blair, member of Foreign Trade Committee.

Mr. Morgan Reid, member of Foreign Trade Committee.

Mr. W. J. Sheridan, Executive Secretary.

The following representatives from the Trades and Labour Congress of Canada were heard:—

Mr. P. R. Bengough, President.

Mr. L. E. Wismer, Director of Public Relations and Research.

Further consideration of the order of reference was postponed.

At 12.40 p.m. the Committee adjourned until Wednesday, May 6, 1953, at 10.30 a.m.

Attest.

JOHN A. HINDS,  
*Assistant Chief Clerk of Committees.*





# MINUTES OF EVIDENCE

## THE SENATE

OTTAWA, THURSDAY, April 30, 1953.

The Standing Committee on Canadian Trade Relations which was empowered to inquire into and report upon the development of trade between countries signatory to the North Atlantic Treaty, and with other countries of the free world, met this day at 10.30 a.m.

Hon. Mr. McLEAN in the Chair.

The CHAIRMAN: Honourable members, this is the sixth meeting of the Canadian Trade Relations Committee since reference was made to us of a resolution introduced in the Senate on February 12 and, after considerable debate, was referred to this committee on February 26. I think everyone in the room is familiar with the resolution, so there will be no need for me to read it.

We are highly honoured this morning to have two distinguished delegations before us, the Canadian Chamber of Commerce, and the Trades and Labour Council of Canada. We will hear from the Canadian Chamber of Commerce delegation first. I would ask Mr. E. C. Wood, Chairman, Executive Council, Canadian Chamber of Commerce, to come forward and introduce his delegation.

Mr. WOOD: Mr. Chairman, and honourable senators, as Chairman of the Executive Council of the Canadian Chamber of Commerce, I would like to begin by expressing on behalf of the council the council's deep appreciation to you for receiving this delegation and members of the chamber's foreign trade committee.

For the record, I would like to state that the Canadian Chamber of Commerce is composed of close to 700 Board of Trade and Chamber of Commerce members in all ten provinces, representing all types of business, large and small, retailers, wholesalers, manufacturers and bankers.

Before introducing the members of the delegation, with your permission I would like to highlight the chamber's policy on international trade relations, which also was passed at the last annual meeting of the chamber in October of last year, voted on by the membership as a whole: Canada stands established today as one of the leading trade nations of the world. Her external trade affects the income of every Canadian citizen and accordingly, the promotion of her trade relations with the other countries of the world must necessarily be a major point in any national program for maintaining and increasing Canadian prosperity.

Experience with governmental trade restrictions and state trading since the end of World War II indicates clearly that international trade, like domestic trade, is best conducted when it is left in the hands of those most experienced in and closest to the business of trade—the businessmen themselves. Government quotas, restrictions and State ventures into the trading field can never substitute for the free and natural growth of trade developed by private traders whose enterprise and initiative are essential to the building of a vigorous Canadian economy. While recognizing exceptions which may be required during war or during a period of defence preparation, the Canadian Chamber

of Commerce urges the Government to do everything possible to bring about the removal of restrictive barriers to international trade and to discourage the practice of state trading.

The Chamber urges continued governmental and private efforts to promote a return of multilateral trade among nations, to allow a free flow of capital throughout the world, and to work towards the free convertibility of currencies.

The Chamber recognizes that if Canada is to enjoy a thriving and expanding export trade she must import goods and services from the countries to which she exports and, therefore, urges that every facility be extended by the Government to maintain a free flow of commerce in both directions. While the flow of imports into Canada has reached substantial proportions during the past years, from both the dollar and the sterling areas, the Chamber is concerned with the increasing tariff, currency and quantitative restrictions imposed against Canadian goods to the point where a wide range of Canadian commodities at the present time is not admitted entry to many countries.

#### *Canada and the Sterling Area*

The Chamber believes that Commonwealth business relations can best be promoted by working towards the objectives of multilateral trade, the free flow of capital and the convertibility of currencies among the respective members of the Commonwealth.

It is with particular regret that the Chamber notes the continued existence of trade, currency and quantitative restrictions which limit Canada's trade with the sterling area. It strongly urges that all possible ways and means be explored by all members of the Commonwealth to ease these restrictions to the minimum consistent with the dollar difficulties still faced by the United Kingdom and the sterling area.

The Chamber is gratified to note that the governments of the Commonwealth are convening an economic conference in November 1952 at which time it is understood that the foregoing problems will be investigated. It urges that the Canadian Government take all possible steps to encourage a freer exchange of goods between Canada and the sterling area.

Further comments on the policy of Canada and the United States follow, but Mr. Henderson pretty well covers that in his brief. This policy which I have just highlighted is the background against which the committee's brief is being presented to you gentlemen today.

It is now my pleasure to introduce to you the members of the Chamber's delegation: Mr. A. M. Henderson, Chairman of the Foreign Trade Committee of the Chamber of Commerce. Mr. Henderson will present the brief and act as the chief witness. Mr. G. K. Blair, of the Massey-Harris Company. Mr. Morgan Reid, Assistant Vice-President of Simpson-Sears. Mr. W. J. Sheridan, Secretary of the Canadian Chamber of Commerce, and Mr. E. J. Little, Secretary of the Foreign Trade Committee.

After Mr. Henderson has presented his brief, if there are any questions you wish to direct to him he will, I am sure, be pleased as best he can to answer them. With your permission, sir, I would like to call upon Mr. Blair, Mr. Reid and Mr. Sheridan to assist him.

The CHAIRMAN: Certainly.

Mr. WOOD: Thank you, very much.

Hon. Mr. EULER: May we ask this witness any questions?

The CHAIRMAN: Perhaps we had better hear the brief first.

Mr. WOOD: We will be pleased to do whatever you say.



Hon. Mr. EULER: Because it pretty well goes to the heart of things. I am referring to what he said, "Government quotas, restrictions and State ventures into the trading field". They are apparently opposed to those things, which I am myself. Does he go so far as to suggest the removal of tariffs, or how far should they go?

Mr. WOOD: No sir, not in any specific case. In this particular respect, the policy is dealing, I think, in broad principles.

Hon. Mr. EULER: Your remarks are not directed to tariff restrictions.

Mr. WOOD: Not as such, in any particular case.

Hon. Mr. HAIG: They are directed mostly to quotas.

Mr. WOOD: Quotas and quantitative restrictions. I think Canada has done pretty well in connection with the reduction of her tariffs. We feel that some of the tariffs of the NATO countries are higher than they should be against Canadian goods as compared with Canadian tariffs against their products.

Hon. Mr. EULER: You have said that you are in favour, as we all are, of promotion of trade between countries; that we must buy and sell. Do you not think that the matter of tariffs enters into that question?

Mr. WOOD: Definitely sir.

The CHAIRMAN: I shall now introduce Mr. Maxwell Henderson, Chairman of the Foreign Trade Committee of The Canadian Chamber of Commerce.

Hon. Mr. HAIG: Mr. Chairman, I always like to know what is the witness' occupation.

The CHAIRMAN: Mr. Henderson is Secretary-Treasurer of Distiller's Corporation Seagrams, Montreal.

Hon. Mr. HAIG: His commodity, I know, is usually bought without much advertising.

Mr. MAXWELL HENDERSON: Hon. Chairman, Hon. Senators and members of the Senate Committee on Canadian Trade Relations:

May I say at the outset how much we appreciate your invitation to appear before this Committee today to present the views of The Canadian Chamber of Commerce on the vital subject of economic relations between the member nations of the North Atlantic Treaty Organization. (Attached as an appendix to this brief is the official statement of policy The Canadian Chamber of Commerce on the subject of International Trade Relations).

The Canadian Chamber of Commerce commends your initiative in this important task. We wholeheartedly support your efforts to study the fundamentals of our trade difficulties, particularly your desire to hear the views of businessmen concerned with the very real business of trading from day to day.

This brief is presented by the Foreign Trade Committee of The Canadian Chamber of Commerce. This is a national standing committee of the Chamber and this brief reflects the views of the membership of this Committee across Canada at this time.

Canada's International Trade Relations are of vital importance to the economy of our country. Her external trade affects the standard of living of every Canadian citizen. Exports are and always have been the foundation on which Canada's high standard of living is based. We have tremendous resources of mine, forest, farm and fisheries; we have a great productive capacity and we are skilled in mass production techniques. But with a population of less than 15 million people who cannot consume all we produce. If we are to keep our economy strong and our people employed we must export our surplus production.

But foreign trade cannot exist on a one-way movement of goods. The Canadian Chamber of Commerce has dealt with this axiom in its policy pronouncement. If Canada is to enjoy an expanding international trade she must



import more goods and services as a means of payment, and every facility must be extended by the Government at all times to maintain a flow of commerce in both directions. Our exports in 1952 exceeded \$4,350 millions, being mainly pulp and paper, wheat, raw materials and animal products. The value of our imports for 1952 themselves exceed \$4,000 millions, being mainly iron and steel products, non-metallic minerals, vegetable products, textiles and chemicals. Canada's volume of two-way trade places her among the great trading nations of the world. She has replaced France today in third position after the United States and Great Britain.

Canada's exports in recent years have, however, been largely primary and semi-manufactured products. The United States and the free markets of Latin America continue to take the largest proportion. In the sterling area exports to the United Kingdom have been largely primary products shipped by Canadian Government agencies to the British Government, in other words, through the medium of state trading. The growth of trade, currency and quantitative restrictions, particularly in the sterling area, has amounted almost to a prohibition of the export of a vast range of Canadian manufactured goods to the sterling area, the widest trading area in the world. The Canadian Chamber of Commerce, in its declared policy on International Trade Relations, feels strongly that continued governmental and private efforts must be made through all channels to promote a return to multilateral trade, a free flow of capital throughout the world and free convertibility of currencies. Experience with governmental trade restrictions and state trading since the end of World War II indicates clearly that international trade, like domestic trade, is best conducted when it is left in the hands of those most experienced in and closest to the business of trade—the businessmen themselves. Government quotas, restrictions and ventures into trading can never substitute for the full and natural growth of trade developed by private traders. Such restrictions increase the cost of imports to a country because they force the importing country to buy its goods from less attractive and usually high cost sources.

This is a critical year for Canada's foreign trade. While there has been an encouraging increase in the gold and dollar holdings of the sterling area, the balance of payments problem in most non-dollar countries is a long way from solution. Chancellor R. A. Butler of the United Kingdom has already announced that no solution is in sight this year. The British government's economic survey for 1953, published on March 30th last, emphasizes that British living standards can only be maintained by more production and more exports. In place of a deficit of 400 million pounds in 1951, the United Kingdom produced a surplus of one hundred and seventy million pounds in 1952, excluding one hundred and twenty-one million pounds of defence aid. It is estimated that to meet overseas commitments in 1953, Britain must earn a surplus of three hundred to three hundred and fifty million pounds. The gold reserves of the sterling area, now at a level of \$2,000 million are still not adequate for comfort or safety.

Dollars available to the sterling area for direct United States aid will be materially less in 1953-54. In the absence of a solution which, as already stated, Mr. Butler has said is not in sight this year, Canada must always run the risk of having its overseas trade reduced still further not only by further government quotas and restrictions but also by the development of local industries within the sterling area not always economic to replace goods at present purchased from dollar sources.

This is a year of great importance in terms of Canada's trade relationship with the United States. The United States Congress must deal with the American Reciprocal Trade Agreements Act which lapses in mid-June. The outcome of President Eisenhower's recommendation to Congress that this legislation be extended and studied is vital to all countries trading with the United States, particularly Canada. It will be appreciated that the value of



the extension of this Act in its present form is at best limited inasmuch as a very large proportion of the concessions possible under the existing Act have already been made. The President has also asked the Congress to pass the Customs Simplification Act, enactment of which has been sought for a long time. The stand taken by important sections of American business opinion on the need for this action is particularly encouraging to all countries trading with the United States. Its importance has been stressed by the Canadian Chamber of Commerce ever since the measure was first introduced.

A second event of vital importance to Canada is the expected meeting later this year of the countries subscribing to the General Agreement on Tariffs and Trade (GATT). The tariff agreements signed at Torquay in 1950-51 run for a period of three years and are, therefore, due for renewal this year or early in 1954. It will, of course, be recognized that GATT has resulted in some reduction of trade barriers to Canada's benefit. At the same time it has established a code of conduct in a field where no such principles were recognized before. However, experience with GATT has been to some extent disappointing in Canada. When she herself has striven at all times to maintain the promised tariff concessions both in letter and spirit, several of the other subscribers, including the United States, have violated and continue to violate their obligations thereunder. Further, other of the subscribers, while adhering to the letter of GATT, continue to maintain restrictions not justified by their balance of payments position today. To-day's uncertainties in regard to international economic policies of nations may furnish an explanation for this attitude. The importance to the international trade of the free nations of earnest development of GATT cannot be overemphasized.

International trade is, and always must be, a two-way affair. One country alone cannot achieve, let alone maintain, the highest possible living standards without importing foreign goods and services and what is particularly true in the case of a growing nation like Canada, accepting foreign loans and investments. But to import such goods and services a country must be able and ready to pay for them and it can only make payment by the export of its own goods and services. Thus, international trading causes balance of payment problems. Today the nations of the free world do not have co-operation in balance of payment matters one with another. This is the crux of the problem, as we see it.

We do not think it necessary here to recapitulate the many and complicated factors underlying this problem in all its aspects or to dwell on the benefits which can be expected to flow from a solution however elementary. In point of fact, these were placed before your Committee, Mr. Chairman, at some length on March 25th by one of the member Boards of The Canadian Chamber of Commerce, the Quebec Board of Trade, and we are indebted to Dr. Alfred M. Landsberger, their Economic Consultant, for his contribution on the problem. The Foreign Trade Committee of The Canadian Chamber of Commerce shares in the conclusions of the Quebec Board of Trade that any attempt fundamentally to improve economic co-operation between the democratic nations of the free world must start with systematic co-operation in balance of payment matters.

In the opinion of the members of the Foreign Trade Committee of The Canadian Chamber of Commerce, the ground-work for such co-operation can be said to be in the making today on the basis of the recently published statements by the United States and the British Governments. These statements and those of the Canadian Government, stress the great importance of developing policies to achieve the objectives of multilateral trade, the free flow of capital, economic development and the convertibility of currencies.

In his State of the Union message to Congress, President Eisenhower laid emphasis on the importance of the trade policy and the economic relations

of the United States with the nations of the free world, stressing the need to develop through co-operative action of the free nations, a strong and self-supporting economic system capable of providing both the military strength to deter aggression and rising productivity to improve living standards. On April 7th the President formally asked Congress for a one-year extension of the Reciprocal Trade Agreements Act in its present form to enable a thorough and comprehensive examination of the economic foreign policy of the United States. He stated that such a re-examination is imperative in order to develop more effective solutions to the international economic problem today confronting the United States and its partners in the community of free nations. He stated that no feature of American policy is more important than the course of the United States' economic relations with other nations. He told Congress that the long term economic stability of the whole free world and the over-riding question of world peace will be heavily influenced by the wisdom of the decisions of the Congress of the United States. The security of the United States is fully as dependent upon the economic health and stability of the other free nations as upon their adequate military strength.

The solution of the free world's economic problems is a co-operative task. It is not one which the United States, however strong its leadership and however firm its dedication to these objectives, can effectively attack alone. The President underlined two basic truths: The United States' share in this undertaking is so large as to be crucially important to its success—and its success is crucially important to the United States.

As to the sterling area. The Canadian Chamber of Commerce is fully cognisant of the efforts being made at this time by the Canadian and the British Governments toward the desired objectives. It is equally aware of the difficulties inherent in these problems.

The official communique issued on December 15, 1952 at the conclusion of the Commonwealth Economic Conference clearly sets forth the policies agreed upon by the members of the British Commonwealth of Nations toward a better economic relationship among the free nations of the world. The conference was convened with the aim of concerting measures for increasing the economic strength of the commonwealth countries, including the colonial territories, and creating conditions in which their peoples can play their part in securing prosperity and contentment for themselves and for the world.

In the opinion of the Canadian Chamber of Commerce, the policies and proposals adopted by the conference represent a substantial advancement in the thinking on the problem. It is noted that the conference proposed to seek acceptance of this plan by the Governments of the United States and of European countries whose co-operation is essential and to work, as far as possible, through existing international institutions dealing with finance and trade.

Although none of the details have as yet been published, the Chamber has noted with great interest the reception accorded to Chancellor R. A. Butler on the occasion of his recent visit to Washington and Ottawa. It is apparent at this stage that until the Governments of the United States and Canada pronounce on Chancellor Butler's proposals, there is a limit to the extent to which private business can make long range plans relating to international trade.

We have also noted that Chancellor Butler and Foreign Minister Eden were accorded a satisfactory reception on the occasion of their meetings at the end of March with the European Governments. For the first time in many years a definite sense of direction appears to be felt by those charged with the responsibility in this difficult field, an attitude which can be attributed largely to British initiative. To this extent, a large measure of agreement has replaced the confusion that was beginning to become chaos. The Commonwealth Plan,



as it is now known, consists of two sets of decisions of fundamentally different types. One concerns the objectives of economic policy in the international field, the other concerns agencies or institutions. It now seems certain that the British government is convinced that nothing short of a pound sterling free of exchange controls must be the ultimate goal. Sterling should again become a currency that can be exchanged freely for all currencies without limitation coupled with a trading system in which movements of goods are subjected only to uniform customs and normal trade regulations.

A further and wider step towards clarification is also apparent in the British attitude towards the International Monetary Fund whose basic reason for existence is to promote the stability and convertibility of currencies and towards the General Agreement on Tariffs and Trade whose existence is to stabilize and ultimately reduce trade barriers and remove quantitative restrictions on trade. The attitude of the United States' Government to these objectives is awaited with great expectations.

Within the past ten days the Foreign Trade Committee of the Chamber has reviewed these problems first hand with businessmen in Western Canada and would sum up the views of the members of its Foreign Trade Committee in Vancouver and Winnipeg as follows:

1. The consensus of opinion is that wider international trade must be achieved among the free nations. What is at stake is more than a matter of trade—it is the achievement of better economic relations within the free world and the strengthening of the free world to meet the common danger.

2. In view of the present status of events, it is felt that the Canadian Government should not obscure the goal of wider international trade by the imposition of any additional restrictions on international trade at this particular time,

The Foreign Trade Committee of the Canadian Chamber of Commerce does not consider anything is to be gained at this particular time and place by a recital of the economic ills of the free nations, by expecting an unrealistic benevolence on the part of the United States or by putting forward piecemeal suggestions, however attractive they may seem from the purely Canadian and national point of view.

Approval of President Eisenhower's recommendations is today before the Congress of the United States and the decision is theirs. No information is yet available to us as to the results, if any, of Chancellor Butler's talks with the United States' Government and with our own Government last month. The Foreign Trade Committee of The Canadian Chamber of Commerce considers that further progress along these lines is essential before the interests of Canadian business can be intelligently planned and prosecuted. It is therefore recommended that an official Canadian Committee be established by the Canadian Government charged with the responsibility of promoting Canada's international trade relations, its policies and procedures necessary to bring prompt and effective results in the interests of Canadian business and the nation as a whole. It is recommended that such a committee consist of representatives of the Canadian Government, of Canadian business, and possibly other groups, its terms of reference to be developed and agreed upon by the Government and the other representatives and then laid down by Canadian government decree.

This, Mr. Chairman, concludes our remarks. We thank you for the privilege of appearing here.

Hon. Mr. HORNER: May I say to Mr. Henderson that another important committee, that on Banking and Commerce, is about to sit, and several senators have had to leave.

Mr. HENDERSON: I appreciate that.

The CHAIRMAN: I was going to announce that. It is to be hoped that they will be able to get back.

Hon. Mr. PIRIE: I think several others have to leave. What is your quorum?

The CHAIRMAN: Seven.

Hon. Mr. MACLENNAN: I saw in the *Christian Science Monitor* newspaper yesterday evening that there is a committee of Congress studying the tariff with a view to increasing it. You did not see that paper?

Mr. HENDERSON: With a view to increasing the United States tariff?

Hon. Mr. MACLENNAN: Yes, against all and sundry.

Mr. HENDERSON: We have noted references in the press as to the rise of protectionism in the United States. But our consensus of opinion is that at this particular juncture, as we are awaiting some very substantial pronouncements from the President himself, we should rest on the statements already made by the President and other thinkers in the United States. Incidentally, at three o'clock this afternoon the President of the United States is to make a broadcast as to that country's defence policy and how it is going to deal with the dollar problem for defence aid in the future.

Hon. Mr. MACLENNAN: This article implied that Congress would not pull with the President.

Mr. HENDERSON: I am afraid there is no doubt that there is going to be a great deal of argument, a rising wave of it, but until it is officially brought out and the President has made further pronouncements, we feel no good would be gained by being critical of the United States.

Hon. Mr. EULER: Following along that line, Mr. Henderson, I think we are all a bit disquieted by the apparent trend in the United States towards higher tariffs, and no matter what President Eisenhower may think or say, he may find some difficulty in carrying the American Congress with him. I believe that is a fact, but I was going to refer to your summation where you say: "In view of the present status of events, it is felt that the Canadian government should not obscure the goal of wider international trade by the imposition of any additional restrictions on international trade at this particular time."

I suppose by that you mean the natural tendency on the part of Canadians, in view of what the United States has already done by way of violating GATT agreements, is not to take reprisals at the present time. In other words, you would not suggest there should be any reprisals on the part of Canada?

Mr. HENDERSON: Well, sir, that is correct. We feel it would be premature for Canada at this stage to do anything like that.

Hon. Mr. BURCHILL: I am interested in your reference to Great Britain. I take it from that that you think it will be tougher for us to trade with Great Britain in the future than it has been in the past, on account of a scarcity of dollars. Is that right?

Mr. HENDERSON: Sir, I think the answer to that question, if I may say so, largely depends on the United States. They hold the cards at the moment and until they start playing them I cannot see how Britain can very well chart her course any more than we can.

Hon. Mr. BURCHILL: I notice you say that the United Kingdom produced a surplus of 170 million in 1952, and that it is estimated to meet overseas commitments in 1953 Britain must earn a surplus of 300 million to 350 million. In other words, they have to restrict their purchases in dollars.

Mr. HENDERSON: Absolutely sir, yes.

Hon. Mr. BURCHILL: So that would mean those of us who are dependent on our British market for our goods will find the going tougher in the future if they have not got dollars.



Mr. HENDERSON: That is the feeling of the businessmen on our committee, sir.

Hon. Mr. BURCHILL: Of that amount you have quoted there are a lot of government commitments in the way of payments on loans and interest and that sort of thing, are there not? You say they have to meet overseas commitments. Now, if overseas governments made terms easier for Great Britain and extended the payments, would that not help private trade? Would that not make dollars available for private trade?

Mr. HENDERSON: Yes, I think it would, but I believe I am right in saying that after extensive discussions with our foreign trade committee here and in the West, our feeling is that Canada has gone as far as she can in helping Britain, whether it is by extended terms or by helping her to earn dollars and so forth in our country. In other words, for a country of 15 million people we have gone about as far as we can go in this particular economic climate.

Hon. Mr. BURCHILL: I take it that it is the United States which holds the key?

Mr. HENDERSON: Oh, yes.

Hon. Mr. CRERAR: Mr. Chairman, is the effect not that the so-called dollar countries cannot possibly provide a crutch for Britain and the rest of Europe? That is what we have been doing, and I think probably wisely, up to the present time. I agree with Mr. Henderson that as a permanent policy that is out, and for obvious reasons it cannot be carried through.

As far as the United States is concerned, the members of Congress, of course, like all other parliamentarians, like to talk and they will talk a great deal about trade. But I still have a good deal of confidence that President Eisenhower will get an extension of his reciprocal trade agreement program which was initiated by his predecessors. Probably on that issue the majority of Congress are with him, and what Eisenhower is obviously trying to do is build up his Republican party again. There is no doubt that his party has been pretty badly split in the past, and that he wants to unify it. I doubt very much, however, if he will continue the plan of unification to the point of going back on his trade views, and before very long that issue will have to be determined in the United States. I agree wholly with the views expressed in this brief, and Mr. Chairman, it is a matter of some interest that the other brief that has been presented to us played upon the same thing—that trade is a two-way street and if we are going to impose barriers against other countries then sooner or later we shall be unable to sell to those countries. I feel that truth is pretty steadily sinking into the American mind. What they are undergoing is a process of education in elementary economics. Whatever happens, the logic of events are against the isolationists economically. We may experience disappointments and irritations and all that sort of thing, but the logic of events are against them and will ultimately prevail. That is my very convinced view.

Hon. Mr. EULER: You are quite an optimist.

Hon. Mr. CRERAR: No, I do not think so; at any rate, I prefer to be an optimist than a pessimist. Personally speaking, I like the declaration in this brief. I am convinced that the fewer interventions we have from the governments here and elsewhere—where they are in the form of protective devices or controls or anything else—the better it will be. These things never work out. The government is the last agency on earth who should try and control the economic destinies of a country by its wisdom. What it needs to do is leave the people free to work and double their own energies and their own trading. As a free enterpriser, Mr. Henderson, I sympathize wholly with your views in that respect.

Hon. Mr. EULER: You did not say a free trader, you just said a free enterpriser.

Hon. Mr. CRRER: I was going to ask Mr. Henderson a question that I asked the other day.

The CHAIRMAN: I think, Senator Crrer, that idea of sinking in the minds of the businessmen, other than governments and organizations like we have before us this morning, is certainly doing a great educational work among business men that trade must be a two-way street if they are going to continue their international business.

Mr. Henderson, I read not long ago that there is really more business done in sterling today—more trading throughout the world, than in the dollar. That surprised me, that there was more business being done in the world through the sterling than the dollar.

Mr. HENDERSON: I would like to ask Mr. Blair to deal with that. He travels widely in both areas.

Mr. BLAIR: As a general statement I would say that is true, that the sterling area total is a much broader area than the dollar area. The major problem is to find out how sterling can be converted to dollars along with the chains of other currencies.

Hon. Mr. TURGEON: The convertibility of sterling to dollars would settle the problem fairly well?

Mr. BLAIR: I would not say it would settle the problem, but certainly it would be a major step in the right direction.

Hon. Mr. HORNER: Have you any suggestion as to how convertibility may be brought about?

Mr. BLAIR: I think if I had the capacity to solve that one, I would probably run for Prime Minister. There is a great wealth of ideas on the subject, and I think as we suggested in the brief here, through continued co-operation among nations it is the only channel through which we might eventually find the solution.

Hon. Mr. HORNER: Well, it would seem that all the various moves, such as the Breton Woods agreement and so on, that we have made, instead of helping have added greater confusion to the whole issue.

Mr. BLAIR: Well, there are undoubtedly evidences of wrong guesses along the way, but I think that the general principle of co-operative international institutions leads in the right direction. Now, whether or not we can continue to use the organizations that have already been developed and through a re-constitution of those find a means of achieving the end which they set down originally, remains to be seen; or whether or not we need an entirely new approach is somewhat beyond me to say. But I feel, more as a personal opinion than anything, that within a re-constitution of the international monetary fund to provide a means of obtaining that kind of world upon which the principles of the fund depend we may in that channel attain in the original goals of the fund, re-convertibility for multilateral trade.

Hon. Mr. EULER: Would you say, getting down to brass tacks, that the vital factor in the whole situation is if the United States would be more willing to open its doors to foreign goods?

Mr. BLAIR: Well, there is a lot of discussion on that point, and of course there is a great division of opinion not only between the rest of the world and the United States, but even within the United States. To what degree real improvement would be attained by complete abolition, shall we say, of tariff restrictions in the United States is a very difficult thing to measure.



Hon. Mr. EULER: I was not suggesting that altogether, but very very definite lowering of their tariffs and removal of restrictions.

Mr. BLAIR: It is a very difficult thing to say to what extent that would really improve the volume of trade.

Hon. Mr. EULER: You do admit that would improve the situation?

Mr. BLAIR: To what extent, is the question.

Hon. Mr. HORNER: Some comment was made, I think by Bevin, and some others, to the effect that better use might be made of the gold buried at Fort Knox, for instance.

Mr. BLAIR: That gets us into another very large problem.

Hon. Mr. CRERAR: I do not know that I agree with the opinion expressed by the witness a minute ago, that is, that a way to improve or settle this problem might be found—if I understood correctly—in enlarging the resources of the international monetary fund. If I am correct in that, I am bound to say that I cannot see in the end where that will work out, because what would happen is that, say, the resources of the international monetary fund were increased ten times, those resources would have to come largely from North America. Then the international monetary fund operates and debts are created, and then what really happens is that the international monetary fund bails them out for the time being. It boils down to this, in my mind, that there is not much difference between that process and, say, the dollar countries continuing to loan to the so-called sterling countries.

Hon. Mr. EULER: The same thing.

Hon. Mr. CRERAR: The remedy can only be found by a willingness on the part of the dollar countries who accept goods from the sterling countries, because that is the problem, between sterling and dollars. That could come about by relaxation of customs regulations, easing the processes of trade and reduction of tariffs, and so forth. But that would not solve the question, it seems to me, unless something else were done in the sterling countries. Taking Britain as an instance, I doubt very much if Britain can maintain the welfare state plans on the existing scale, which involves substantial wages, especially shorter hours of work, and all that sort of thing, and bring herself back. And we in Canada are trying to do that, the United States is trying to do that. We have the advantage over Britain that we have immense resources to work with, and Britain has not. So that there is no easy solution to this problem of sterling dollar exchange. At bottom it is a political problem, how far can governments carry their peoples today and adopt sensible policies. That fundamentally, as I see it, is at the bottom of the issue.

Mr. HENDERSON: That is why we, sir, in this committee, feel that the balance of payments problem, relating as it does to the internal economies of these countries is at the crux of the matter. They have to clean up their internal economies before they can balance trade.

Hon. Mr. HORNER: Is it not a question of the very great variety of the cost of production, hours of labour and wages? Are they not a bar to trade? For instance, it is impossible for Canada to accept goods, where men are willing to work 12 hours a day for half of what our men would. That is the stumbling block, is it not?

Mr. HENDERSON: I think it is. I suppose you have in mind Japan?

Hon. Mr. HORNER: Yes, and Germany.

Mr. HENDERSON: I would like to ask Mr. Reid to speak on this, but just from my general reading and study of the problem I would submit that the

costs in some of these countries, and particularly Britain, have gone up phenomenally as a result of their internal inflation, but when you reach to Japan and Germany, of course, you undoubtedly are still facing a standard of living the cost of which is so far below ours as to give us quite a problem.

Hon. Mr. HORNER: And two countries with which it seems almost a must for us to trade with under the present circumstances.

Mr. HENDERSON: Absolutely, if we adhere to our policy here.

Hon. Mr. HORNER: And our safeguard.

Mr. REID: Honourable chairman, I think that what Mr. Henderson said is quite correct. There is this additional factor that if you have a nation—where you perhaps have low wages in relationship to what we are accustomed in Canada, it does not necessarily mean that that nation is going to be more competitive across a wide range of products, for this reason, that they may not to begin with have access to raw materials to the same extent which other nations with which they are competing have. Secondly, they may not have the machinery and equipment and technical know-how which enables the other nations who pay higher wages still to produce much more efficiently the same product.

Hon. Mr. EULER: Do you think that would apply to west Germany?

Hon. Mr. HORNER: Not at all.

Mr. REID: It would not apply to the know-how, no sir. I think western Germany has shown an amazing renaissance from the war industry, there is no doubt about that; but I was merely speaking of basic principles.

Hon. Mr. DUFFUS: There has been a lot of discussion on the part of this committee, Mr. Chairman, and I have been listening more than talking, but it occurs to me in a general way that the broad attitude of co-operation and diplomacy on the part of these countries would bring about more results and better results than anything else.

The CHAIRMAN: I do not think there is any question about that.

Hon. Mr. EULER: No—that is the trouble.

Hon. Mr. DUFFUS: I think we are going to have a great many conferences between nations in solving this problem and more particularly within the next eight or twelve months.

The CHAIRMAN: Sometimes a situation has to get worse before it gets better to wake the people and the governments up. I think you are right, sir.

Hon. Mr. BURCHILL: We started off—and, Mr. Chairman, you will correct me if I am wrong—by having gentlemen like Mr. Henderson, his associates, and the others who have appeared for us, to suggest or recommend a way in which we could take in some sterling. Is that not right, Mr. Chairman?

The CHAIRMAN: That is right.

Hon. Mr. BURCHILL: In other words, how we in Canada could increase our trade, say, with the sterling area. That was what we started off with.

The CHAIRMAN: That is right, Senator Burchill.

Hon. Mr. BURCHILL: To see if we could not discover some route or channel by which Canada could do a little more trade with the sterling areas. Now, we are not making very much headway, are we? Have we had a suggestion so far from any of the very, very distinguished delegations that have appeared before us as to how that can be done?

The CHAIRMAN: In the brief you made a suggestion, did you not, about 50 businessmen studying the problem—or, what was that suggestion?

Mr. HENDERSON: Mr. Chairman, as Senator Burchill so aptly puts it, the whole problem as we see it is so complicated, there are so many angles to it, it is the most tremendous problem that we have been faced with certainly



in our time, because back of it is the peace of the world, and all the rest of it. We feel that the blueprint is only going to be developed through the medium of careful discussion and weighing up by the best minds we have in the country, through the medium of across-the-table discussions, and probably eight hours a day to do it, in an endeavour to produce a white paper or an intelligent blueprint. Now, speaking as a businessman who also spent war years in the government, and as one who knows the calibre of our people in the public service, we in business have the highest possible regard for the deputies and our people in the public service.

We in business have got the highest possible regard for the deputies and other people in the public service. We submit that it would be valuable if some means could be found for the formation of a small working committee on an official basis. Perhaps some of the people who served in the war could come and give their full time to sitting down and studying something of the international problems and the international background and the diplomatic relationships. Such a committee could be guided accordingly and they could hammer out a plan that would have a practical application. They could be charged with the responsibility of bringing down, as they say in Britain, a white paper. In itself that might well represent a real contribution to the solution of the problem. We cannot profess to speak for the whole world but I do not think Canada needs to take second place at all in the terms of its leadership in thinking out economic and other problems. Canada is in a highly fortunate position in that regard. Another point is this. When the United Kingdom went on its big dollar drive the Canadian government formed a dollar advisory board to help the United Kingdom find ways to earn dollars. That was a laudable undertaking, and I am sure it helped Britain immeasurably. That board has presumably completed its work and has been dissolved. If this government saw fit to help the United Kingdom earn dollars here, by the same token is it not reasonable to suggest that it might form at least a little group of its own to deal with what is a far bigger problem for our country? That is the thinking behind that suggestion.

Hon. Mr. EULER: It would be a very fine thing if such a committee could arrive at what they think is a good suggestion for the solution of the problem, but it would still be a political problem to convince the governments of the merits of the suggestions the committee might make.

Mr. HENDERSON: Oh, absolutely, sir. After the paper is brought down it would then be taken on by the government on that basis.

Hon. Mr. EULER: It would be pretty difficult so far as the United States is concerned.

Hon. Mr. MACLENNAN: Mr. Chairman, did you say that there is another delegation here?

The CHAIRMAN: Yes.

Hon. Mr. DUFFUS: I should like to ask Mr. Henderson a question. Are the numbers of Boards of Trade and Chambers of Commerce rapidly increasing in Canada?

Mr. HENDERSON: I should like to call upon Mr. Sheridan, our Secretary, to answer that inquiry. He is much more familiar with these figures than I am.

Hon. Mr. DUFFUS: And where is the Secretary from?

Mr. HENDERSON: Montreal.

Mr. SHERIDAN: Honourable Mr. Chairman and honourable senators, in answer to that question I should like to say that the great movement of the Canadian Chambers of Commerce in Canada started in 1944. At that time there were in Canada 150 Boards of Trade and Chambers of Commerce affiliated

with the national organization, which is the Canadian Chamber of Commerce. Since 1944 that number has increased to close to 700. It is a variable figure because, in some of the smallest communities, a Board of Trade or Chamber of Commerce will close and a new one will start up. I cannot therefore give you an exact figure, but we feel that in having about 700 we have pretty well attained the maximum number. Actually in Canada today over 8 per cent of communities having a population of 5,000 or more have a Board of Trade or a Chamber of Commerce affiliated with the national organization. So we feel we have reached pretty well a plateau at close to 700. Does that answer your question?

Hon. Mr. DUFFUS: Yes. I have been a member of the Chamber of Commerce of Peterborough and have taken an active part in it since approximately 1918. Until recently I attended most of its meetings. I became the President of the Ontario Boards of Trade and Chambers of Commerce and it is my opinion that the people who are in those bodies now are of very great value to the Dominion of Canada. Every village of two or three thousand people around the city of Peterborough has a Chamber of Commerce.

Mr. HENDERSON: That is quite right, sir.

Hon. Mr. DUFFUS: They are doing a great work and will continue to do so.

Mr. HENDERSON: Thank you.

The CHAIRMAN: If this was an emergency period we could probably furnish Great Britain with a half billion or a billion dollars by redeeming our securities; on the other hand, we pay about a billion dollars a week serving these securities and Great Britain gets the benefit of that. Probably it would be better to do that—if it is going to last for several years—than to pay a billion dollars to redeem our securities in London. I think South Africa did that in connection with their gold mining stocks and diamond mining stocks. A lot of those securities were redeemed to help England out in her dollar situation. They took them back to Africa and placed them in a Crown company, and then sold them to the public on the understanding that they would hold them. If this was an emergency then unquestionably we could furnish England with, say, half a billion or a billion dollars on Canadian securities which are held on the stock exchanges. Another suggestion has come to me, and it has to do with the unrequited exports of England for which they really do not get back imports. For instance, a merchant may send out a million dollars worth of goods to India and be paid in England in pounds. This puts a lot of pounds in England, but 20 per cent of that amount is deducted and goes towards England's war debt, so that the country, as a whole, gets back only about \$800,000. I have read considerable about these unrequited exports to Egypt, and so forth. It has been suggested that some aid might be given England in the way of extending this payment over fifty years or more so that they would get a bigger percentage back, and so they would have some of those exports to ship to dollar countries. If they could separate the current pounds from these block pounds, which are redeemed all the time through their exports, it might strengthen their position. I think your argument is that the pound should be given back to private enterprise as soon as possible, so that its position will be strengthened. We do not know as traders whether tomorrow morning we might read in the paper that the pound has been devalued again, and private enterprisers might not take a chance on such a situation. They just do not know whether they might have control of it today and that tomorrow they might lose \$50,000 or \$100,000 through somebody sitting at the head of a table and changing the rules of the game. Could you elucidate on that, Mr. Henderson?

Mr. HENDERSON: Mr. Chairman, I do not think Canadian business is interested in investing money in the sterling areas today; there is no attraction to capital under the present rigidity of regulations. However, they do service



the dividends and interest in many cases, and in certain areas capital can be taken out. They have various procedures to attract capital, but Wall Street generally and the thinking in the United States—which still has quite an influence on the planning of Canadian businessmen—is very cagey about putting money into an area that has as many restrictions as the sterling area.

Hon. Mr. EULER: Especially when you do not know when if ever you will get it back.

Mr. HENDERSON: I am not a banker, but there are a host of different kinds of sterling being dealt in, in various manners, shapes and forms, with certain countries; and it is very difficult to chart your course under the various regulations.

I think, Mr. Chairman, you are quite right, that this is not an emergency situation. If it were, Canada would not be found lacking; we could devise some technique to take care of it, as we have done in the past. However, we are now tackling something that is very deep-rooted; and we are hopeful that as a result of your deliberations here that you may be able to get to the crux of the problem.

The CHAIRMAN: We need a long-range plan.

Hon. Mr. DUFFUS: What is the main snag in the sterling area problem?

Mr. HENDERSON: I would define it by saying that they do not have dollars and they can't buy; that means that they have to develop a trading area within the sterling block, which sows seeds of discord and misunderstanding as the years go on. Perhaps my associates could better define that situation.

The CHAIRMAN: Do you not think that every trading area needs not only investments but raw materials—even the Iron Curtain countries and the United States await development? The wealth of the British Empire is in the land and sea, but she has a very poor working capital. If her productive energy could be financed by the removal of restrictions so that capital would flow in, she could soon produce more.

Mr. HENDERSON: That is true; but they have got to create a climate that will attract capital. I do not think the Canadian capital is any more anxious than American capital to go into a climate that is as badly tied up in its domestic affairs as is the sterling area.

Hon. Mr. EULER: People are not going to invest their money in the sterling area countries unless they have some certainty or hope of getting it back—that might prove very difficult—especially when the Canadian capitalist can find more remunerative returns by investing his capital in Canada. It is most difficult to induce capital from either the United States or Canada to go into European or other sterling area countries. Is that not so?

Mr. HENDERSON: Yes.

The CHAIRMAN: I was quite surprised when in Jamaica recently to find out that a big hotel there, built at a cost of several million dollars, had quite a few Canadians listed among its shareholders. I made inquiries from the leader of the House of Representatives there, and he said that Jamaica was absolutely free in that respect, that Canadians could put their capital in there and draw it out or take their dividends whenever they wanted to.

Hon. Mr. EULER: I happen to know that they cannot do so. I am a director of an insurance company which has a branch in Jamaica, and it has to invest its money in the West Indies; it cannot take it out of that country.

The CHAIRMAN: I understand that this arrangement in Jamaica is quite new.

Mr. HENDERSON: Mr. Chairman, perhaps I could amplify that a little bit. I know something about Jamaica and I know that they have extended various concessions to new industries, particularly the hotel business, with a view to

bringing in Canadian capital. They have also made certain concessions with respect to income tax. As far as the actual money is concerned, Jamaica ranks along with the United Kingdom and I think a number of other sections of the British Empire by which, under a ruling of the Bank of England in January, 1950, dollars can be invested in the sterling area under repatriation privileges; that is to say, they will always service your capital with dollars, and the capital itself can be withdrawn, provided it was invested after January 1, 1950. The Bank of England has said that it will put up the dollars to let you take your money out. If however the capital was placed there prior to January 1, 1950, it is frozen; that may apply to the point raised by Senator Euler. I think at the recent Commonwealth Economic Conference Mr. Butler went a step further, and said that if you made a capital profit with that investment since January 1, 1950, you could take that out too in dollars.

Hon. Mr. EULER: That is news to me.

Mr. HENDERSON: However, you can only take that capital out in dollars provided you have the money there and do not have to borrow it from the British bank and so forth. It is hedged with a lot of restrictions, but they have done that much.

The CHAIRMAN: Are there any further questions to be asked of Mr. Henderson and his associates?

Hon. Mr. EULER: I would like to move a vote of thanks to these gentlemen for the valuable information they have given us.

Hon. Mr. BURCHILL: I will second it.

The CHAIRMAN: You gentlemen have given a most interesting brief, and have been most patient in answering our questions.

Mr. HENDERSON: Thank you very much, sir.

The CHAIRMAN: We now have before us a delegation from the Trades and Labour Congress of Canada. I will first call on Mr. Percy Bengough, President of the Congress, to introduce Mr. Wismer who will present the brief.

Mr. PERCY BENGOUGH: Honourable chairman and members of the committee, the Trades and Labour Congress of Canada, with its 300 odd local unions and branches, has a membership in every province in Canada, and represents almost every type of business. I would not say that the unions are unanimous on this very difficult question which you are considering. Their views vary to some degree according to the line of business they happen to be engaged in.

We subscribe to the fact that international trade of necessity is a two-way street, and there is no difference of opinion as to what should flow out. The difference of opinion would come in, of course, as to what is in the truck coming back. What I mean by that is that the membership, many thousands of whom are in the newsprint industry, are not so much concerned, that is not so vitally affected as to the goods which would be coming back that would adversely affect those in other lines of employment. Our concern really is, I think, to keep Canadian labour gainfully employed. As I stated before, among the 525,000 members that we have there is a wide variation—I do not think you could have it wider—of Canadians who are affected in divers ways.

I want to introduce to you Mr. Leslie Wismer, who is the Director of Public Relations and Research of the Trades and Labour Congress of Canada.

Mr. L. E. WISMER: Mr. Chairman and honourable members, the Trades and Labour Congress of Canada is pleased to have this opportunity to place its views before your Committee on how and what practical steps could be taken to further implement Article 2 of the North Atlantic Treaty. In this



Article the contracting nations agreed that: "They will seek to eliminate conflict in their international economic policies and will encourage economic collaboration between any or all of them". To say the least this statement envisages something new in international trade relations not only in seeking "to eliminate conflict in their international economic policies" but also, and this more particularly, in that they "will encourage economic collaboration between any or all of them".

This Congress has traditionally urged and supported extension of international trade and increased Canadian participation in such trade. We have had in the past, and still have, however, certain reservations.

Before we attempt to place before you our views on how Canada could best proceed to carry out her obligation under the NATO Agreement insofar as Article 2 of the treaty is concerned, therefore, we wish to draw your attention to these reservations which we hold in regard to wholesale extension of international trade and increased Canadian participation in such extended trade.

Canada is a great and growing producer of products which most countries require in substantial volume: lumber and the products of the forest including pulp and paper and modern textile fibres; fish products; wheat and agricultural products; uranium, nickel, iron and a whole host of minerals absolutely essential to modern industrial economies; oil processed and manufactured products of ever increasing variety.

Canada is an exporter of many products which fall within the broad categories mentioned above. Our country now ranks fourth—I hear now, third, Mr. Chairman—among the trading nations of the world. We would like to see our exports further increased.

Canada is also an importer. Our imports in dollar value about equal our annual exports. These imports fall into three main groups: raw materials used in our industrial processes—ores used in the production of aluminum, steel and other essential materials; food and other products which cannot be produced in Canada; and products not now produced in Canada but which probably could be. It is this third group of imports that causes many of our affiliated members considerable concern.

We can subscribe in part to the fundamental trading concept that the more trade throughout the world and between the countries of the earth, the greater chance there is for increased Canadian participation in it and the more business done by Canadians both at home and abroad. But we hesitate to go all the way with that theory.

It is the third group of imports that causes the trouble.

If we are to export more and gear our productive capacities to such a policy and campaign, then two unsatisfactory trends are bound to develop: imports, especially in the third group, will increase; and employment of our best skills will become concentrated in our export industries, leaving the home market, which is capable of substantial expansion, underdeveloped. Thus employment would become less stable and the outlook for those with the greatest skills more and more uncertain. And the broad development of secondary industries capable of producing many of the products now imported and of providing employment on a stable basis would not occur.

We are well aware, of course, that a much larger population is necessary to assure us of a broad and healthy home market for our own production. We have made our views known to the Government of Canada on immigration on many occasions. On each occasion we have stressed that we favoured a growing Canadian population to meet the needs of expanding production activities and to broaden our home market. But we have equally stressed

the fact that such immigration must be planned to assure an orderly development of our expanding economy and to avoid the arrival in Canada of newcomers at times when unemployment was high and employment opportunities were few or non-existent.

Thus, in our opinion, any steps that may be taken or contemplated to encourage extension of international trade and Canadian participation in such increased trade must take these internal problems and possible pitfalls into very careful consideration.

Having these considerations in mind, we believe that there are practical steps that could be taken by the North Atlantic Treaty Organization to encourage freer international trade and an extension of trade. Of course, certain steps have been taken with these ends in view and certain institutions, organizations or agreements now exist for these or related purposes including: the Organization for European Economic Co-operation, the European Payments Union, the Colombo Plan, the Technical Assistance Program, the International Monetary Fund and the General Agreement on Tariffs and Trade.

The Organization for European Economic Co-operation, perhaps, holds the most immediate promise of an agency through which the objectives of Article 2 of the Treaty could be attained in a practical way. All of the signatories to the Treaty are engaged in the work of O.E.E.C. since Canada and the United States, although not members of O.E.E.C., participate in its work. O.E.E.C., on the other hand, includes six other European countries—Austria, Germany, Ireland, Sweden, Switzerland, and Trieste—to make its coverage of Europe's economy much more complete than NATO's.

"Europe must be made independent of American economic aid by means of sustained expansion which will restore its competitive capacity, increase its dollar earnings and allow it to move towards a stable equilibrium in a world-wide system of liberalised trade and payments." This, says the OEEC's annual report issued in Paris in December, 1952, summarizes "the essentials of the solution to be sought" if Europe is to become solvent and economically strong.

Canada's interest in the economic strength and stability of Europe is far from theoretical. Quite apart from considerations of unified western defences, the countries forming NATO are our best customers. According to figures published by the Dominion Bureau of Statistics, for the calendar year, 1952, our total exports rose to \$4,301,080,679. Out of this total, our exports to NATO countries, including the United States and the United Kingdom, amounted to \$3,362,541,284 or 78.2 per cent. Our imports, too, are purchased largely from the NATO countries. DBS figures for imports during the calendar eleven months ending November, 1952, show a total of \$3,685,356,554 of which \$3,129,974,897, or 85 per cent were from NATO countries.

Without overlooking or minimizing the importance and potentialities of other markets such as Central and South America, India and Southeast Asia, and other parts of the Commonwealth, it is fair to assume that our currently large customers present and most fertile ground for further expansion of our trade.

Hon. Mr. EULER: May I ask a question there. You say that 78 per cent of our exports go to NATO countries?

Mr. WISMER: Yes.

Hon. Mr. EULER: What percentage goes to the United States?

Mr. WISMER: Well, of course a very large part.

Hon. Mr. EULER: I was wondering how much goes to the European countries that are in the sterling area.

Mr. WISMER: It is a small amount in comparison to what goes to Britain and the United States.

Hon. Mr. EULER: You have not the figures here?

Mr. WISMER: I have not the figures here.

Europe, or perhaps more accurately and more concretely, the countries of Europe, requires sustained expansion to restore its competitive capacity and make it more independent of outside economic aid. This presents three immediate and substantial problems.

The solution of any one of these problems will involve related solutions for the others. They are fully interdependent. Thus in dealing with them one at a time for the purposes of this submission, the order in which they follow in no way suggests any priority in which they may or should be solved.

The first problem or objective is to encourage production and trade within the countries of Europe themselves. This problem has been tackled through OEEC. Efforts have been and still are being made to liberalise trade within Europe. In this connection, OEEC appears to favour the eventual creation of a single European market free from individual national trade barriers and mirroring a common economic policy on the part of all participating countries.

Canada can very justifiably encourage such developments in Europe both through her participation in OEEC and through her membership in NATO. The demand for imports in Europe is great. Unfortunately since the end of World War II, it has been necessary to curtail imports. To have done otherwise in most, if not all, European countries, would have unleashed inflationary forces which would have further impeded necessary and desirable recovery and attempts for creating stability and solvency. Increased internal European production and trade, would, on the other hand, tend to sharpen the competitive capacities within these countries, increase the volume of goods available both for internal European consumption and for export, and allow for a greater volume and variety of imports. Canada, as one of the major exporting nations, would be among the first to benefit.

If Europe is to increase its exports, it must be able to sell its products in outside markets. The largest of these is, of course, the United States. This market, as Canada knows all too well, is also the most difficult to exploit by outside suppliers.

Canada has a major role to play in the opening up of the United States market. Much has been done along this line as our growing exports to our southern neighbour indicates. More needs to be done.

The General Agreement on Tariffs and Trade signed by thirty-four countries including Canada and the United States, is a major step forward in that it provides for substantial reductions in trade barriers, and, in particular, United States tariffs. More needs to be done along this line.

The really perplexing problem faced by all exporting countries seeking to sell their products in the United States arises from its administrative practices in connection with imports. Canada is fully justified in continually seeking realistic adjustment of these practices, for success in this field would greatly aid in the development of our trade with the United States and at the same time encourage other exporters into that market.

Such adjustments in United States' import policies and practices will help Canada in the immediate future more than they can be expected to help European exporters. The United States market is easily the most competitive in the world. Exporters to successfully enter this large and well developed market must be prepared to meet the keenest competition. This involves not only careful pricing, but also substantial capital to cover continent-wide advertising campaigns and servicing. Many European exporters or potential exporters lack the capital to do this.

European exporters, along with Canada, could seek markets elsewhere throughout the world. Increased trade with countries other than the United States and outside the NATO-OEEC group is certainly desirable. But such a program immediately raises the problem of the convertibility of currencies.



This is, of course, the major financial problem of the modern world. Many attempts have been made and more are now being made to overcome it. This problem has a particular aspect in relation to the NATO countries and the development of trade, however, and we wish to deal with it in that connection.

Many of Europe's essential imports must come from the dollar area. Since the war the internal conditions in European countries plus this need for dollar imports has resulted in annual unfavourable trade balances with the dollar countries. This gap has been kept as low as it has been through careful control of imports. In the light of the facts presented in preceding paragraphs—the greater feasibility of increasing European exports to non-dollar countries and the continued difficulties for all exporters to enter the United States, the major dollar market—the gap is not likely to narrow in the immediate future.

On the contrary, it would seem more likely that the gap would widen as European production and exports increased. This would certainly be the case if European exporters sought the most accessible markets and continued to require imports from the dollar countries. And this widening would be further encouraged if the countries of Europe endeavoured to raise, as anyone would expect they would, the living standards of their people, since this would involve an increase in imports, mainly from the highly industrialized dollar countries.

With the real impediments, already discussed, to substantial increases in trade between the dollar and non-dollar areas, it is quite apparent that further significant removing of trade barriers, however important and desirable this would be, would not in itself provide a solution to the European payments problem nor allow of the attainment of the objectives envisaged in Article 2 of the North Atlantic Treaty. Collaboration among the OEEC countries of Europe and the creation of a single market with its encouragement of production, competitive capacity, and exports; opening of the United States market to imports on a broader and more stable basis; and a further general revision of tariff and trade conditions through such mechanisms as the General Agreement on Tariffs and Trade would not singly or in combination, in themselves, provide a stable and continuing basis for the free convertibility of national currencies. The competitive capacity of the United States plus the vagaries of this vast market and economy would still remain the overwhelming factors in world trade, and the outlook for countries outside of the United States would at no time be sufficiently encouraging to create the incentives necessary to expand their internal production and exports. Thus the balance wheel of international trade must be found elsewhere.

Canada has a particular interest in the establishment of stable and freely convertible national currencies, and this Congress can fully support moves in this direction since convertibility would increase our ability to sell where we can and buy needed imports where desirable thus reducing the threat to employment of members of our affiliated organizations in the development and expansion of our international trade. In this connection, however, we do not wish to leave the impression that we view convertibility as a panacea but rather as a prime necessity to effective and constructive expansion in world trade.

The major barrier to extension of world trade on a stable and long term basis is the continuous net export position of the United States. This, coupled with the failure of that country to devise or encourage a consistent and constructive policy for the reinvestment of these annual net balances accruing from its external trading activities, provides for continuous frustration among the other trading nations especially those among the OEEC group.

The slogan now being used by European countries and the leading members of OEEC is "Trade not Aid". This is a good slogan but like many other cryptic phrases tells only the superficial part of the story. Europe

needs something much more than either trade or aid. What Europe needs is the investment in its productive plant and processes of large amounts of outside capital.

The capital needed for investment in Europe's productive facilities is to be found in the net export balances of the United States and to a much lesser degree in those of other creditor countries such as Canada.

In paragraph 2 of your Committee's terms of reference it states: "That notwithstanding the generality of the foregoing, the Committee be instructed and empowered to consider and report upon how, in their opinion, (a) any project for developing economic collaboration, specifically between the countries who are signatories to the North Atlantic Treaty, can be co-ordinated with the trade policies of other countries of the free world;" and we now wish to make such a suggestion to your Committee.

We recommend the establishment, as an implementation of Article 2 of the North Atlantic Treaty, of a Banking Alliance between the countries who are signatories to the Treaty with the prime purpose of encouraging and directing the investment of capital where necessary and desirable in the signatory countries.

We envisage such an Alliance as an organization capable of giving substance to the basic aims and objectives of OEEC. The broad aim of OEEC for the developing of Europe's productive and competitive capacities leading to extension of both its internal and external trade and the redress of its adverse dollar balances has little or no chance of success without a parallel program of foreign investment in Europe.

Europe is not merely a trans-Atlantic bastion of North American defence. Europe is an economy or group of economies capable of much further expansion and of supporting a much higher standard of living. But these worthwhile objectives require the investment of outside capital for their fulfillment.

We have stressed Europe and the OEEC objectives and problems in this connection not entirely because the NATO and OEEC groups of countries are practically the same, but also because these groups of countries account for the bulk of international trade and certainly of Canada's trade. At the same time we do not wish to ignore the possibilities of trade with other countries especially those within the Commonwealth, and we envisage that the proposed Banking Alliance between the NATO countries would also direct investment in these areas where necessary and desirable with a view to the stabilizing of trade and the convertibility of their currencies. In this latter connection we would hope that the NATO Banking Alliance could formulate a working relationship with the International Monetary Fund.

Without attempting to delineate the full character and operations of the proposed Banking Alliance, it should, in our opinion, be an institution whose basic capital is subscribed by the signatories to the Treaty and its lending capital arises from the uninvested net trading balances of the members.

The joint responsibility for and direction of international investment by the major trading nations of the free world would provide real substance to any program of production and trade expansion such as that envisaged in OEEC, the Colombo Plan and the Technical Assistance Programs, and at the same time create a new atmosphere of stability in world trade.

In such an atmosphere further extension of the General Agreement on Tariffs and Trade would seem to have greater chance of success and to be of greater practical value to all countries concerned.

Although there can be no doubt that Canada should continue her efforts to enter the United States market on better terms, and, in particular, to continue to try to have United States tariff administrative practices adjusted and improved as well as an extension of the Presidential powers under the Reciprocal Trade Agreements Act of 1945, our country has need for greater diversification in external trade both in variety of product sold and in the

number of countries concerned. Too much of our trade for comfort and economic security is with one country. Further, our traditional pattern of trade needs redrawing in order that we may depart from our customary practice of over-selling in the United Kingdom and the OEEC group of countries and over-buying in the United States. The proposed Banking Alliance would make such an adjustment in our trading pattern much easier of attainment.

In connection with the reference that your Committee consider whether any project under Article 2 of the Treaty could have the permanence contemplated in the military obligation of the signatories under Article 5, we would suggest that the proposed Banking Alliance would not only have such permanence but that it would need to have it in order to carry out its purpose successfully.

In making our submission to your Committee we have tried to keep well within your terms of reference and to relate our proposals to the known efforts now being made to improve trade within the NATO group of countries and through them with the rest of the free world. The proposals we have made arise from the known problems now being faced by these countries either alone or in concert through such organizations as OEEC which group of countries so closely resembles the NATO group.

The development of a strong European economy, the freeing of the United States market from many of the administrative defences which isolate it from many potential exporters, and the establishment of full convertibility of national currencies are the prime objectives of those attempting to increase international trade. The basic proposal we have made for the creation of a NATO Banking Alliance we feel will not only tend to establish convertibility on a stable basis, but also give substance to the other programs for the freeing of trade and the encouragement of production.

Greater and more efficient production is the answer to the need and desire for an increasing standard of living in all countries. In Canada we have been experiencing an increase in production and an expansion in our industrial economy with a consequent improvement in living standards. We wish that to continue.

An increased international trade will, in our opinion, aid us in developing our economy and raising our standard of living. Freer international trade in which we can sell where there are buyers and buy needed imports where we desire will, we believe, tend to allow us to encourage more effectively the development of more secondary industries and a larger home market.

The production and delivery of our exports creates employment. Because this is true, it is often argued that expansion of our international trade is one of the best means of increasing employment in Canada. This inference is not wholly valid, however, because the increase in imports so inspired provides a very real threat to employment in Canada. Thus we recommend that very careful consideration be given to the effects of any proposed expansion of our international trade upon employment opportunities and prospects before such propositions are promoted or encouraged. A broad development of secondary industries throughout Canada, in our opinion, is a necessary parallel to expansion of our external trade. In this way alone can we expect to encourage the maximum of employment opportunities and the minimum of threats of unemployment due to a continued high level of imports of goods that can be produced in Canada. At the same time a broad development of our secondary industries would, we believe, tend to reduce the cyclical nature of employment in Canada both in its annual aspect and its longer term pattern and thus add stability both to employment and the consumptive capacity of the home market.



Many factors, we realize, are involved in such developments which cannot be considered here, but the basic proposals we have made will, in our view, lay the groundwork for such advances on a firm and stable basis.

The CHAIRMAN: Thank you, very much, Mr. Wismer. The meeting is now open for questions.

Hon. Mr. TURGEON: The suggestion you make for the creation of a NATO banking alliance is a positive suggestion although I do not know whether I agree with it.

Hon. Mr. EULER: As I understand your suggestion in that respect, you feel that the favourable balances that the dollar countries have from international trade should be re-invested in the sterling areas, is that right?

Mr. WISMER: That is right.

Hon. Mr. EULER: What would be your method of procedure to bring about such a banking arrangement?

Mr. WISMER: As we see it, the simplest way in which it can be brought about is to do what the private banking institutions find undesirable to do on a private basis, by depositing funds in the bank of NATO with full responsibility as a group, in the same way as under Article 5 we are responsible on a group basis.

Hon. Mr. EULER: Would you suggest that there should be a government guarantee behind that capital to be re-invested in the sterling countries?

Mr. WISMER: I would think that some device of that sort would be necessary.

Hon. Mr. EULER: I would think so too; otherwise, I do not think private individuals would go for it.

Mr. WISMER: No.

The CHAIRMAN: It would be a different set-up from the world bank; it would have to be a bank of deposit and issue. I have always felt that there was a weakness in the set-up of the world bank for the reason that notwithstanding the fact there are a great many nations in it, the bank had to borrow money on Wall Street; it seems to me that it should have been a bank of deposit and issue, and in that way it could create a surplus fund.

Hon. Mr. EULER: Your suggestion of the desirability of developing secondary industry is a suggestion I agree with, but how would you bring it about? You would not place restrictions upon exports of raw materials and force them to be manufactured in Canada, would you?

Mr. WISMER: Well, I think there has been a certain amount of encouragement for secondary industry over recent years, mainly by reason of the nature of business since the World War II. I think also the government policy should be directed to an extension of that encouragement. I am not suggesting that we have to tell our friends in other countries that they cannot buy our raw materials to service their plants.

Hon. Mr. EULER: On the other hand, would you take steps, for instance, by way of tariff or quota restrictions, to prevent products of what you think are secondary industries from entering Canada?

Mr. WISMER: I think we could go at it in a more positive way than through tariffs.

Hon. Mr. EULER: How?

Mr. WISMER: For instance, we have a lot of iron in Northern Quebec and no one seems to be encouraging anyone in Canada to build a steel mill.

The CHAIRMAN: In that particular area?

Mr. WISMER: Or in any other area. Also, we have a lot of iron at Port Arthur and gas at Calgary, yet no encouragement is given to transfer that gas to Port Arthur to be used in a steel mill.

Hon. Mr. EULER: A chemical industry has gone into Edmonton and is using the gas there.

Mr. WISMER: But they are not bringing the gas down to Port Arthur to hook up with the iron ore.

Hon. Mr. TURGEON: I should like to make one observation in connection with our exports of raw material. While I agree that up to the present moment there has been an over-export of raw material from Canada, speaking for the most part for Northern British Columbia, without the importation of raw material we could not have our aluminum plant.

Mr. WISMER: Correct.

Hon. Mr. TURGEON: The aluminum plant could not exist without the importation of bauxite, and it cannot be gotten anywhere in Canada.

Hon. Mr. EULER: Of course the country from which bauxite comes could argue in the same way, that the aluminum should be manufactured there.

Mr. WISMER: Yes; and if they had the water power they probably would argue that.

Hon. Mr. BURCHILL: I think you should develop a little further the practical workings of the suggested banking alliance. I do not quite follow how you think it could be developed.

Mr. WISMER: We have in mind that as a group of fourteen nations in NATO we are making some co-operative efforts for the defences of the North Atlantic community; we are taking the responsibility for it, and we are pooling our resources and directing them towards those defences. In the same way, we have felt that the economic resources of those countries could be martialled without interference with private business.

True, we have not thought through the complicated banking machinery; nevertheless, we feel that instead of waiting always for what will happen in Congress or in Whitehall as to what the group should do, encouragement should be given to the group to use the balances which it has from international trade in the best way to encourage trade between NATO countries. But whatever happens, it has to be a combined effort and has to be the full responsibility of the signatory countries.

A question was asked as to whether there would be a guarantee supporting the re-investment of these funds. We feel that is a technical problem. We are not asking private bankers within the countries of NATO to suddenly form a private alliance and do the job. We believe that since the private institutions do not seem to be able to cope with the problem, there should be some over-all way by which the signatory countries could through the international agency usefully invest funds which would create an incentive for the development of industry.

Hon. Mr. BURCHILL: Let us take Canada as an example. We will say Canada now has a surplus of imports over exports of \$500 million. That money is spread all over the country; it may be locked up in banks, it may be invested in brick and stone, or it may be in stocks and bonds. The government of Canada would have to say that that \$500 million was available for re-investment, and that since we are a partner in this banking alliance, we will deposit \$500 million. Is that your idea?

Mr. WISMER: That would be our idea. And, for instance, if the Massey-Harris, whose representative appeared before you today, wanted to use \$50 million on its own, that would leave only \$450 million for the government to direct.

Hon. Mr. BURCHILL: We have heard now from several delegations here that private investment in these countries was undesirable, it was not very "beckoning"; they prefer to invest at home. So that, I take it, governments would have to do what you suggest. Is that right?

Hon. Mr. EULER: Absolutely.

Hon. Mr. BURCHILL: The governments would have to say, "We owe this Banking Alliance \$500 million". The United States would owe them three or four times as much; and so on. All that would have to be on a government level, would it not?

Mr. WISMER: Yes.

Hon. Mr. BURCHILL: So that it is really another World Bank? That is really what it is, is it not?

The CHAIRMAN: The Canadian exporter would be paid with Canadian money.

Hon. Mr. EULER: But, how to cover it altogether?

Hon. Mr. HORNER: You would have very great difficulty.

The CHAIRMAN: It is all the balance of payments. That is the underlying idea. The country would have to pay the Canadian exporter, and, of what they had as a surplus from exports and imports, a certain amount would have to be put behind this independent bank.

Hon. Mr. BURCHILL: I think trading would go on just as it does now, but the government figures would show just what the surplus was that that country had. That is the amount that would be put in this Fund.

Mr. WISMER: I think it is important to remember that at the moment our banks and the United States banks are not looking very favourably at some countries which have been ravaged by war and have great difficulty in rebuilding their plants, and of necessity have a lot of restrictions on everything, with the idea of getting back from poverty. They have a lot of resources of skills and "know-how", and even natural resources.

Hon. Mr. HORNER: As regards at least two of the important countries that were ravaged by war, all they need now is markets for their goods. They are entirely on their feet, and capable of greater production than before the war. I am afraid there would have to be a great deal more stability throughout the world, or we would fare the same as we did with the \$12,000,000 worth of ships that went to China if we attempted anything like that.

Hon. Mr. BURCHILL: I think the witness is to be commended very much for his suggestion. It is about the only suggestion that we have had. But I am just worried as to how it would work out.

Mr. WISMER: After all, all we can do is to give you the idea. It is your job to work it out.

Hon. Mr. HORNER: If it is a case of loaning money, the countries which lent and received it would have to be in agreement that it should be used for the development of some industry which was basic to the borrowing country, and therefore economically sound. I sometimes fear that in view of the world situation things are becoming unbalanced. We forget that Canada is basically agricultural, and that the world needs food. We could increase enormously our food production, but perhaps we are becoming very much overbuilt in industry. Large cities are extending and spreading out on to good farm land. Unless we can maintain our present base we may have cause to regret some of the developments, and it may be that more people will have to be moved on to the land.



The CHAIRMAN: Thank you, Mr. Wismer. I am sure your suggestion is one of the most constructive we have had. In these NATO countries there must be skilled bankers. The proposed bank would have to have representatives from each NATO country on its board: they would be skilled in the investment of money, whether or not the money came from governments or from private interests on deposit. That is the reason I suggested that to my mind such a bank should be a bank of deposit and also a bank of issue. If it had the proper management and all the fourteen NATO countries behind it, in my opinion it would be in a better position to do the job than the World Bank or the World Monetary Fund, which are so restricted that they have to go and borrow money somewhere, and the rate is so high that it is not very interesting to prospective borrowing countries.

Mr. WISMER: In our suggestion what we have in mind is that the NATO group is a group with a common, distinct problem. All the countries are essentially friends attempting a common job. They will be the subscribers, the directors, the depositors, the borrowers and everything else from that bank. In a sense that is something we have in Canada and it is also to be found in the United States. If we are to start to talk in terms of a North Atlantic community, we can ask the bankers what should be the technique, but we should think in those terms.

Hon. Mr. BURCHILL: Representatives of the Chambers of Commerce and others who have appeared here say this can only be solved by co-operation between the different nations. I presume you agree with that, and want to take another step forward. This is one step in the co-operative idea; is that it?

Mr. WISMER: That is exactly right.

Hon. Mr. HORNER: You want bankers in all countries to co-operate in supplying capital. How would it be if labour stepped into the picture and agreed on a basic wage throughout the world?

Mr. WISMER: Well, I say this advisedly: the labour movement has been trying in recent years to co-operate internationally. We have had our difficulties; but within a few weeks the international group of free trade unions will be meeting in Stockholm, Sweden, to discuss the very thing you are talking about,—how can we assist each other in all of these countries to do exactly the same thing that we are talking about here? How can we raise the living standards? And how can our countries protect themselves against a conspiracy that forever tries to enslave us?

Hon. Mr. TURGEON: Do you know the date of that meeting?

Mr. BENGOUGH: It is the 7th of June. It starts at the close of the ILO meeting; about four days later.

Hon. Mr. DUFFUS: Getting back to the question of co-operation: I take it that it consists very largely in the matter of industry and labour working on a co-operative basis. I think we have got to get down to a basis of some kind. We are at cross purposes at the present time. I hope your work will help to get that stability.

Mr. BENGOUGH: You do not mean, in Canada?

Hon. Mr. DUFFUS: I mean, anywhere.

Mr. BENGOUGH: Taking the general run of things we have established co-operation pretty well in Canada.

The CHAIRMAN: Industrial relations seem to be running fairly smoothly in this country?

Mr. BENGOUGH: Yes.

Hon. Mr. DUFFUS: There is one section of opinion to the effect that we should not export our raw material. Others think that we should send our surplus raw material abroad. What is your opinion?

Mr. BENGOUGH: Opinions naturally vary, if I may say so, depending on the line of business in which these people are engaged. Take the railroads. The many thousands of our members who are engaged in transportation are not very much concerned with matters of imports and exports, that is as to what types they should be; but people, we will say, in the shoe industry, would be very much interested and concerned if, for instance, shoes were being brought in from Japan at 50 cents a pair. People in other lines would not be so much concerned. That is, our reactions vary according to the line of employment people are in or as to what type of business they are conducting.

Hon. Mr. DUFFUS: My opinion is that when we have a surplus of a product, if we can sell it somewhere else it would be good business. There are others that have the opposite opinion.

The CHAIRMAN: Does geography not come into that quite a bit? We bring in, say, hard coal from the United States, but if Alberta can ship its coal down to the states, let them ship it, but it is too big a rail haul.

Mr. BENGOUGH: There is around 300 million tons in Calgary, and they have the steam shovel. We say why not put in a smelter, and why not put one in at the head of the lakes.

The CHAIRMAN: We are still large importers of steel, that is true.

Are there no further questions, gentlemen? I think on behalf of all senators here we owe you a strong vote of thanks; you gave us a very fine brief and very constructive suggestions.

Whereupon the committee adjourned.



